

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2090-24  
Bill No.: SCS for HS for HCS for HB 924, 714, 685, 756, 734, & 518  
Subject: Transportation  
Type: Original  
Date: May 7, 2001

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>
General Revenue	\$0	(\$61,700,000)	(\$256,900,000)
State Highways & Transportation Dept./ State Road Funds*	\$309,000,000	\$222,700,000	\$297,900,000
Public Transit/ Multimodal Fund	\$0	\$0	\$90,686,000
Aviation Trust Fund	\$0	\$0	\$2,500,000
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$309,000,000</b>	<b>\$161,000,000</b>	<b>\$134,186,000</b>

**\*Does not include potential savings or costs due to implementation of design-build contracting method.**

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>
None	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government**	\$0	\$0	\$0

**\*\*Does not include savings to the City of Saint Louis for maintenance of roads by MoDOT.**

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 10 pages.

### FISCAL ANALYSIS

#### ASSUMPTION

Officials with the **Office of Administration–Division of Budget & Planning (BAP)** assume the proposal will make additional funds available for use by the Department of Transportation.

The proposal re-directs a portion of the motor vehicle sales tax (1.5% of sales) which currently accrues to General Revenue to the Public Transit/Multimodal Fund (herein created) and the State Road Fund. BAP assumes this change would be effective August 28, 2001. The amount re-directed is estimated at \$126 million in FY 2004. These funds would go to the Public Transit/Multi-modal Fund (75%) and the State Road Fund (25%). (The effective date of this section is stated to be July 1, 2003.)

The proposal limits use of the State Highway & Transportation Department Fund by other state agencies. Currently, the amount available for use is capped at the FY 2001 appropriation amount. This amount currently stands at \$185 million, but could be adjusted prior to the end of the fiscal year. BAP estimates that this will provide savings to the Highway Fund of \$61.7 million in FY 2003 and \$123 million in FY 2004. **Oversight** assumes this provision will require additional General Revenue funds of an equal amount, as many, if not all, services provided with the use of these funds will be expected to continue.

**BAP** notes that section 226.200 of the proposal states that the Missouri State Highway Patrol may continue to receive appropriations, but at the same time deletes the existing language in the same section which authorizes use of the fund by the Patrol. Officials with the **Department of Transportation** and the **Missouri State Highway Patrol** assume that, despite the apparent contradiction, the legislation would not eliminate the Patrol's appropriations from the Highway Fund. **Oversight** assumes the proposal will eliminate the use of the Highway Fund by all agencies other than the Department of Transportation.

DESCRIPTION (continued)

Officials with the **Department of Public Safety–Division of Highway Safety**, the **Department of Revenue**, the **Office of the State Treasurer**, and the **Office of the State Auditor** indicate that the proposal will result in a loss of Highway Fund appropriations to their agencies. In response to previous similar legislation, officials with the **Department of Natural Resources** and the **Department of Economic Development–Division of Motor Carrier & Railroad Safety** have indicated that the proposal would result in a loss of Highway Fund appropriations to their agencies. As discussed above, **Oversight** assumes that many, if not all, services provided by these agencies with the use of Highway Funds will be expected to continue, and has therefore shown an offsetting cost to General Revenue in an amount equal to the savings to the Highway Fund.

**BAP** assumes that the provision requiring all payments in excess of \$30 million from the state's tobacco settlement payments will provide \$309 million in FY 2002, \$162 million in FY 2003, and \$143 million in FY 2004 to the State Road Fund. Any attorney's fees would be added to these estimates, but the amount to be received is unknown.

Officials with the **Office of the Attorney General** did not respond to our fiscal note request.

This legislation allows the use of a design-build approach to developing projects and deletes the requirement that projects be bid in ten-mile increments. Officials with the **Department of Transportation** assume this will have no fiscal impact, even though a stipend payment is authorized, because payment of the stipend will give MoDOT ownership of the plan submitted. Officials with the **Office of Administration–Division of Design & Construction (OA)** assume the Division will pay four stipends of \$25,000 each annually, a cost of \$100,000 per year. **Oversight** assumes the method will not generally be used unless it is more economical, but cannot estimate a savings. Coupled with the unknown amount of stipend payments, Oversight assumes the effect of this provision could range from an unknown savings to an unknown cost.

The **Department of Transportation (MoDOT)** will be required to undergo a tri-annual performance audit as a result of this proposal. MoDOT notes that the scope of the required audit is vague, and a realistic estimate of the cost of the audit is therefore difficult to provide. The figure provided by MoDOT indicates that the cost of the audit could range from \$1 million to \$40 million, but assumes the scope would be defined such that a reasonable estimate would be in the \$1 million range. **Oversight** estimates that a \$1 million audit bill would be the result of 4,000 to 5,000 billable hours if a top accounting firm was used, and assumes that this would be enough time for the completion of the required audit.

**MoDOT** will maintain the traveled surface of an additional 36 centerline miles of arterial roadways within the City of Saint Louis as a result of this legislation. MoDOT assumes the Department will be responsible only for surface maintenance, which does not include lighting,

DESCRIPTION (continued)

snow removal, bridge replacement, etc. The Department estimates the roads will have an average lane width of 4.25 lanes, which would mean a total of 153 lane miles to be maintained. MoDOT estimates a cost of \$185,000 per lane mile resurfaced (15.3 annually), for a yearly cost of \$2.83 million. Routine maintenance is estimated at \$5,000 per lane mile, for a yearly cost of \$765,000. Additionally, MoDOT estimates that an additional maintenance building will be required (\$502,500), metropolitan requirements to the Broadway building must be met (\$479,250), and site work must be completed at both (\$262,500), for a total capital improvements cost of \$1,244,250. MoDOT has indicated that these costs will be paid from the State Road Fund. **Oversight** assumes that capital requirements are included in average costs provided, and has not included the building and renovation costs in the fiscal impact. Also, Oversight notes that the legislation indicates these costs shall be paid from the Public Transit/Multimodal Fund. As this fund will not receive motor vehicle sales tax revenues until FY 2004, it is assumed that the costs will not be incurred until that time.

Officials with the **City of Saint Louis** did not respond to our fiscal note request. **Oversight** assumes the proposal would result in an unknown amount of savings to the City.

**MoDOT** notes that the provision removing the sunset clause for Section 144.805, RSMo would allow the \$5 million annual credit to the Aviation Trust Fund to continue. The removal of the \$5 million limit of the appropriation is not expected to provide significantly more than this amount to the fund. **Oversight** notes that previous responses to similar legislation from MoDOT have indicated that only one airline would pay taxes on jet fuel in excess of the existing \$1.5 million per airline cap. If the sunset clause were not deleted, this airline would pay an estimated additional \$10 million annually, following the sunset December 31, 2003. Oversight assumes this legislation will allow \$5 million annually to be credited to the Aviation Trust Fund, while \$15 million annually is lost to General Revenue, effective for six months of FY 2004.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<b>GENERAL REVENUE FUND</b>			
<u>Losses</u> —Various State Agencies			
Re-direction of 1.5% Sales Tax on Motor Vehicles	\$0	\$0	(\$126,000,000)
Removal of Sunset Clause—Jet Fuel Tax Exemption	\$0	\$0	(\$7,500,000)
<u>Cost</u> —Various State Agencies			
Replacement of Highway Fund Appropriations	\$0	(\$61,700,000)	(\$123,400,000)
<b>ESTIMATED NET EFFECT TO GENERAL REVENUE FUND:</b>	<b><u>\$0</u></b>	<b><u>(\$61,700,000)</u></b>	<b><u>(\$256,900,000)</u></b>
<b>STATE ROAD/HIGHWAYS &amp; TRANSPORTATION DEPT. FUNDS</b>			
<u>Revenues</u> —MoDOT			
Revenue from 1.5% Sales Tax on Motor Vehicles (25%)	\$0	\$0	\$31,500,000
Tobacco Settlement Payments	\$309,000,000	\$162,000,000	\$143,000,000
<u>Savings</u> —MoDOT			
Highway Fund Appropriations to Other State Agencies	\$0	\$61,700,000	\$123,400,000
<u>Cost</u> —MoDOT			
Tri-annual Performance Audit Fees	\$0	(\$1,000,000)	\$0
<b>ESTIMATED NET EFFECT TO STATE ROAD/HIGHWAYS &amp; TRANSPORTATION DEPT. FUNDS:</b>	<b><u>\$309,000,000*</u></b>	<b><u>\$222,700,000*</u></b>	<b><u>\$297,900,000*</u></b>

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<b>PUBLIC TRANSIT/MULTIMODAL FUND</b>			
<u>Revenues—MoDOT</u>			
Revenue from 1.5% Sales Tax on Motor Vehicles (75%)	\$0	\$0	\$94,500,000
<u>Cost—MoDOT</u>			
Maintenance of St. Louis Arterial Roads (36 miles)	\$0	\$0	(\$3,814,000)
<b>ESTIMATED NET EFFECT TO PUBLIC TRANSIT/MULTIMODAL FUND:</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$90,686,000</u></b>
<b>AVIATION TRUST FUND</b>			
<u>Revenue—MoDOT</u>			
Removal of Sunset Clause—Jet Fuel Tax Exemption	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$2,500,000</u></b>

**\*Does not include potential savings or costs due to implementation of design-build contracting method.**

<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<b><u>\$0**</u></b>	<b><u>\$0**</u></b>	<b><u>\$0**</u></b>

**\*\*Does not include savings to the City of Saint Louis for maintenance of roads by MoDOT.**

#### FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

#### DESCRIPTION

This substitute will authorize the use of the design-build construction method by MoDOT and the Division of Design & Construction for a limited number of projects.

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The substitute revises reporting requirements for the Joint Committee on Transportation Oversight.



DESCRIPTION (continued)

The substitute deletes the jet fuel exemption and cap of \$5 million on the annual transfer to the Aviation Trust Fund.

The members of the Missouri Highways & Transportation Commission will be prohibited from engaging in campaign or fund-raising activities.

MoDOT will be required to undergo a performance audit to be conducted by an independent CPA firm tri-annually.

MoDOT will be required to present an annual "transportation improvement plan" to the General Assembly.

The substitute removes from the designated uses of the Highway Fund the costs of collecting moneys for the fund or of enforcing traffic laws & regulations.

The substitute reduces appropriations from the Highway Fund to other state agencies, except the Missouri State Highway Patrol, by one-third every year for three years, until the appropriations are eliminated.

The substitute dedicates the un-designated one-half of the sales tax proceeds on motor vehicles to transportation uses.

The substitute adds 36 miles of Saint Louis arterial roads to MoDOT's surface maintenance responsibilities.

The ten mile limit on bids received by MoDOT is removed by the substitute.

The Department of Natural Resources is required by the substitute to certify a nationwide permit where applicable by determination of the Corp of Engineers for construction of highways and bridges by MoDOT.

The substitute stipulates that moneys received in the state's tobacco settlement in excess of \$30 million will be credited to the state road fund.

This legislation is not federally mandated and would not duplicate any other program.

**SOURCES OF INFORMATION**

Office of Administration  
    Division of Budget & Planning  
    Division of Design & Construction  
Department of Transportation  
Department of Revenue  
Department of Public Safety  
    Division of Highway Safety  
    Missouri State Highway Patrol  
Office of the State Treasurer  
Office of the State Auditor  
Department of Economic Development  
    Division of Motor Carrier & Railroad Safety  
Department of Natural Resources

**NOT RESPONDING**

Office of the Attorney General  
City of Saint Louis

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "e" at the end.

Jeanne Jarrett, CPA  
Director

May 7, 2001